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Users Overestimate Costs of On-Demand

But VOD Viewership Rising, Study Says

[By Jon Lafayette](#)

Though touted by cable operators as the next big thing, consumers see video-on-demand as too expensive and less convenient than their digital video recorders, a new study finds.

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"Primarily, VOD is not something that people tune to as a first choice. It's sort of a last resort as of right now," said Mary Ann Farrell, senior VP of E-Poll Market Research, which conducted the study.

Ms. Farrell said she was surprised that consumers cited extra fees as the main reason they're not using VOD, because a great deal of VOD programming is free.

"I thought the ability to navigate would be the top issue," she said. "And it still is an important issue. The searchability is probably keeping people from utilizing it fully."

Last week Comcast and Nielsen Media Research released a study that found that VOD does not reduce traditional television viewing. According to the study, households that tuned in to Comcast's On Demand service watched traditional television for an average of 723 minutes per day, which is 9 percent higher than all digital cable households and 38 percent higher than all cable households.

The Comcast/Nielsen survey also found that VOD users are young, with 18- to 34-year-olds representing 37 percent of VOD viewing minutes, compared with 20 percent of all traditional television minutes.

"In addition to watching programming not available on traditional TV, customers are using VOD to learn about shows they may not have seen before or [to] catch up on past episodes of series they've missed," said Page Thompson, senior VP and general manager of video services for Comcast, in a statement.

The E-Poll survey found that 38 percent of those surveyed have access to VOD but have never used it, while 29 percent said they are current VOD users. A total of 19 percent said they don't have access to VOD, and 14 percent said they have access and have used it in the past but are not using it currently.

Among VOD users, 11 percent said they use it every day; 10 percent said five to six times per week; 20 percent said three to four times per week; and 26 percent said one or two times a week. 47 percent said they use it less than once a week and 1 percent said they never use it.

Consumers said they were most interested in using VOD to see recent movies, with 55 percent of the poll's respondents expressing interest. That was followed by this season's prime-time TV shows with 41 percent, popular older movies with 35 percent, this season's premium channels with 32 percent and last season's prime-time TV shows with 28 percent.

Consumers said their usage has been increasing, with 27 percent saying they're using VOD a lot more, and 35 percent saying they're using it a little more.

Important to operators, 54 percent of consumers who use VOD said they were very unlikely to cancel their service. Only 8 percent said they were very likely to cancel their service.

The major objection to VOD among nonusers is the perceived cost, with 54 percent saying they don't want extra fees and 33 percent saying it's too expensive. Another 33 percent said they already have enough programming choices, while groupings that said "I don't watch much TV" or "I watch too much as it is" each represented 16 percent of the survey.

Most nonusers think the cost is very high-as much as \$5 per show or \$22 a month-while in reality many VOD programs are free, the E-Poll report said. "This perception of cost presents a significant hurdle for VOD content providers and operators to overcome," it said.

The survey also found that while current VOD customers are relatively satisfied with VOD, those who also own a DVR were significantly more likely to prefer their DVR. Respondents said that with DVRs they can watch their favorite shows at any time, while VOD is perceived as less flexible than using a DVR. Only 6 percent of those surveyed said they liked their DVR less than they liked using VOD.

Ms. Farrell said the results should be encouraging to the operators and networks that are making investments in VOD. "It's just a matter of positioning it properly and making it clear to consumers what the advantages are," she said. "The service needs to be improved-the promotion of it as well as the ability to navigate it. People just don't have enough information."

E-Poll conducted its survey of 2,109 consumers with cable TV service in October, with a follow-up in December.

The Comcast/Nielsen study was based on 180 households and conducted between June and August 2005.